

## **REMARKS**

### INTRODUCTION:

No claims have been cancelled or amended. The abstract has been amended. No new matter is being presented, and approval and entry are respectfully requested.

Claims 1-16 are pending and under consideration. Reconsideration is respectfully requested.

### OBJECTION OF ABSTRACT

The abstract disclosure has been amended to satisfy the requirements of MPEP § 608.01(b). It is presently not of an objectionable length. It is thus respectfully submitted that the amended abstract is of a satisfactory length.

### REJECTION UNDER 35 U.S.C. §102:

In the Office Action, at pages 2-9, claims 1-16 were rejected under 35 U.S.C. §102 in view of Hilt et al., U.S. Patent No. 6,032,133. (hereinafter "Hilt"). This rejection is traversed and reconsideration is requested.

"A claim is anticipated [...] if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." MPEP § 2131 (quoting Verdegaal Bros. v. Union Oil Co. of California, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987).). "The identical invention must be shown in as complete detail as is contained in the ... claim." MPEP § 2131 (quoting Richardson v. Suzuki Motor Co., 9 USPQ2d 1913, 1920 (Fed. Cir. 1989).). The single prior art reference must contain "each and every element of the patent at issue, operating in the same fashion to perform the identical function as the patented product." Gillette Co. v. Warner-Lambert Co., 8 USPQ2d 1082, 1084 (D. Mass. 1988). "Thus, any degree of physical difference between the patented product and the prior art, no matter how slight, defeats the claim of anticipation." Id. The elements must be arranged as required by the claim, but this is not an *ipsissimis verbis* test, i.e., identity of terminology is not required. MPEP § 2131 (quoting In re Bond, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990).). In short, according to case law

and the MPEP, a claim is anticipated if all the elements are recited in the prior art, are identically set forth, and are in a single prior art reference.

Contrary to the Office Action, Hilt does not teach any of the claims in the present application. Each and every element of the claims at issue are not set forth in Hilt, as required by MPEP § 2131. Hence, it is respectfully submitted that Hilt does not anticipate any of the claims in the present application. A brief explanation of the invention illustrates the point.

An offset process is a process for managing delinquent debt by offsetting any payments to the debtor by the amount of the delinquent debt. See Para. [0004]. A delinquent debt is an overdue debt, or uncollected claim. Id. An offset process can be employed as part of an offset payment system which, for example, prevents the situation where a federal agency ABC may have delinquent debt with a vendor while federal agency XYZ is making payments to the same vendor. Id. In short, an offset process pays a debt owed by automatically taking from some other monies that the debtor is entitled to.

Traditional financial management systems do not provide support for such an offset program. Para. [0011]. The invention claimed in the present application provides such support by fully supporting the offset of payments in a situation where different organizational entities handle different aspects of the offset process. Para. [0011].

### Claims 1-3

Claim 1 discloses a payment process interacting with an offset payment system. The payment process, as per claim 1, is not part of the offset payment system, but rather interacts with said system. The process disclosed in claim 1 first determines “debt to be referred for offset responsive to debt selection criteria” by making two separate determinations. See Claim 1.

Claim 1 makes a determination of which debts will be referred by the payment process to the separate offset system by using certain criteria, “offset responsive to debt selection criteria”. See Claim 1. This first determination must be “within a computer implemented accounts receivables system separate from the offset payment system”. See Claim 1. Accounts receivable are claims against a debtor, or anything analogous to such. An accounts receivable system uses an accounts receivable process. Figure 3 is a flowchart of the overall accounts receivable processes supported by the invention. The accounts receivable process selects and

marks delinquent, uncollected receivables for referral based on offset selection criteria. Para. [0031]. Figures 5-13 describe the accounts receivables process in greater detail.

Also, the payment process of claim 1 determines which payments will be referred to the same separate offset system by using a different criteria, "offset responsive to payment selection criteria". See Claim 1. Coinciding with the first determination, the second determination must be "within a computer implemented accounts payable system separate from the offset payment system". See Claim 1. Accounts payable are liabilities to a creditor, or anything analogous to such. An accounts payable system incorporates an accounts payable process. Figure 4 is a flowchart of the overall accounts payable processes supported by the invention. The accounts payment process generates payment records or files for disbursement and determines which payments are subject to an offset. Para. [0050]. Figures 16-18 describe the accounts payable process in greater detail.

After the debts and payments have been determined, these are referred to the "offset payment system", which performs an offset of the debt and payment in response to the referral. See Claim 1. As mentioned above, the "offset payment system" is a system that uses an offset process, which is a means of managing delinquent debt by offsetting any payments to the debtor by the amount of the delinquent debt.

Contrary to the Office Action, the cited reference, Hilt et al., does not teach a payment process interacting with an offset payment system, as per claim 1. Although identity of terminology is not required for a finding that a claim is anticipated (MPEP § 2131), not a single element of the present application is in Hilt. Hilt does not mention an offset system, or any similar terminology. Hilt discloses a payment of bills by consumers in the Internet using a unique "biller reference number" ("BRN"). Hilt, Lines 45-50. The payment, as disclosed by Hilt, is realized by a consumer transmitting to its bank a transaction indicating: (1) an amount to pay, (2) source of funds, (3) a date on which to make payment, (4) consumer's account number, (5) and the BRN. Id. at Lines 50-55.

Hilt addresses typical debts and provides a means for paying such through the Internet. These debts are paid using the consumer's bank account and at the consumer's will. In contrast, the present application addresses delinquent debts and utilizes an offset process to automatically pay the debt. The offsetting process is not present in Hilt. An offset process is not inherent in an electronic bill pay system, as required by MPEP § 2131. Under Hilt, a bill is paid by the debtor and in an intended manner. This bill payment transaction does not involve the

lender, and neither does it automatically select from a list of delinquent debts. Furthermore, an electronic bill pay system is not part of, nor utilizes, a financial management system. In addition, a bill payment process is a precursor to an offset process. The offset process operates once an outstanding bill becomes a delinquent debt.

In addition to Hilt not using an offsetting process, Hilt also does not include an accounts receivable process to do a selection of delinquent debts according to certain criteria. Hilt does not even incorporate a debt selection process. Rather, a debt is paid after the consumer is independently made aware of the debt.

Finally, Hilt does not have an accounts payable process. Hilt does not include any process by which all of the creditors liabilities to a client are archived and then selected according to certain criteria.

MPEP § 2131 states that a claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference. MPEP § 2131. Hilt does not set forth each and every element of claim 1. Furthermore, neither does Hilt set forth the invention claimed in 1 through inherency. Hence, for the abovementioned reasons, it is respectfully submitted that claim 1 is not anticipated by Hilt.

Also, claims 2 and 3 being dependent on claim 1, it is respectfully submitted that claim 2 and 3 are, by extension, not anticipated by Hilt.

For example, claim 2, like claim 1, incorporates the element "offset payment system". For the reasons discussed above concerning an "offset payment system", Hilt does not cover this element. Furthermore, claim 2 has the additional element of "updating automatically debt records responsive to an offset payment system". See Claim 2. Claim 2 requires that the "payment process interacting with an offset payment system" to also adjust debt records to reflect payment. The invention disclosed in Hilt, on the other hand, does not automatically adjust debt records from a centralized location. It is the consumer who must individually make the payment via the internet or some bill payment network. Hilt, Lines 38-41. In addition, the automatic update of the debt records in the present invention operates in response to the offset payment system, whereas in Hilt the records bills paid to decentralized individual debtors are updated in response to the consumer individually paying each. Hence, it is respectfully submitted that Hilt does not anticipate claim 2.

Claim 3, dependent on claim 2, also incorporates the element "offset payment system". For the reasons discussed above concerning an "offset payment system", Hilt does not cover

this element. Also, for the reasons discussed above concerning “updating automatically debt records responsive to an offset payment system”, Hilt does not cover this element. Moreover, claim 3 has the additional element of “wherein debt records comprise general ledger records”. See Claim 3. In other words, execution of the offset payment system is not only followed by the automatic update of debt records, but also to the update of ledger records. A ledger record is a record in which the monetary transactions of a business are posted. In contrast Hilt does not update the ledger record of its consumer. Rather it updates the consumer’s individual bank account to reflect its balance. See Hilt col. 11, lines 36-45. See also Hilt col. 12, line 38 – col. 13, line 14. A ledger record of a business is not the equivalent of an account balance or bank account record. As a result, it is respectfully submitted that Hilt does not anticipate claim 3.

#### Claims 4-5

Independent claim 4 discloses a payment process. This payment process, as per claim 4, first determines a payment to be referred for offset of a “debt responsive to payment selection criteria”. See Claim 4. Unlike claim 1, this payment determination is done within a computer implemented “accounts payable financial management system”. See Claim 4. The accounts payable financial management system is a financial management system that incorporates, as one of its processes, an accounts payable process.

The determined payment is then referred to an offset payment system that is responsive to the determination. See Claim 4.

As stated earlier, Hilt does not have an accounts payable process incorporated into its electronic bill pay system. Hilt does not include any process by which all of the creditors liabilities to a client are archived and then selected according to certain criteria. Needless to say, Hilt does not refer to an offset system those determined values. Because Hilt does not meet the requirements of MPEP § 2131 for an anticipatory reference, it is respectfully submitted that claim 4 is not anticipated by Hilt. Also, claims 5 being dependent on claim 1, it is respectfully submitted that it is, by extension, not anticipated by Hilt.

#### All other claims

Claims 6-10 all incorporate an offset payment system as an element, all of which include some sort of offset process. As stated earlier, the Hilt reference does not mention an offset payment system, nor an offset process. Because “[t]he identical invention must be shown in as

complete detail as is contained in the ... claim" for a finding of anticipation, and "each and every element as set forth in the claim" must be present in the reference, it is respectfully submitted that claims 6-10 are not anticipated by Hilt. See MPEP § 2131.

Finally, claims 11-16 cover different types of offset processes themselves. Being that the Hilt invention does not mention an offset process of any sort, it is respectfully submitted that claims 11-16 are not anticipated by Hilt, as per MPEP § 2131.

CONCLUSION:

In accordance with the foregoing, it is respectfully submitted that all outstanding objections and rejections have been overcome and/or rendered moot. And further, that all pending claims patentably distinguish over the prior art. Thus, there being no further outstanding objections or rejections, the application is submitted as being in condition for allowance which action is earnestly solicited.

If the Examiner has any remaining issues to be addressed, it is believed that prosecution can be expedited and possibly concluded by the Examiner contacting the undersigned attorney for a telephone interview to discuss any such remaining issues.

If there are any underpayments or overpayments of fees associated with the filing of this Amendment, please charge and/or credit the same to our Deposit Account No. 19-3935.

Respectfully submitted,

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